



April 2, 2001

Ms. Jennifer Douglas
Students Channel General Manager
U.S. Department of Education
Office of Student Financial Assistance

Subject: Unit Cost for Free Application for Federal Student Aid

Dear Ms. Douglas:

The Students Channel engaged Accenture to calculate unit costs for the Free Application for Federal Student Aid (FAFSA) processing for academic year 2000-2001. Units costs were requested for FAFSA on the WEB, Paper FAFSA, ED Express and FAFSA Express.

Results in Brief

We calculated unit cost for each of the following 4 filing methods available to FAFSA applicants as follows:

FAFSA Until Cost

FAFSA Filing Method	Unit Cost
FAFSA on the WEB	\$11.32
Paper FAFSA	\$10.01
ED Express	\$10.21
FAFSA Express	\$10.67

See Attachment A, FAFSA Until Cost.

To calculate unit costs, we determined the activities that support the application process. The process began with the printing and distribution of the FAFSA application and ended with the mailing of a Student Aid Report (SAR) and transmission of an Institutional Student Information Record (ISIR). Once we determined the activities that support the application process, we obtained relevant cost information through invoices, financial reports, and inquiries with contractors and Student Financial Assistance personnel. Costs captured to calculate unit costs included costs relating to system implementation/testing, overhead, processing/operations and call centers. We calculated unit cost for each activity that supports the application process for each available FAFSA filing method.

Major cost components of the FAFSA application unit cost are as follows:

**FAFSA Unit Cost by
Major Cost Component**

FAFSA Filing Method	System Implementation Unit Cost	Processing Unit Cost	Call Center Unit Cost	Overhead Unit Cost	Total Unit Cost
FAFSA on the WEB	\$0.88	\$4.54	\$4.88	\$1.02	\$11.32
Paper FAFSA	\$0.74	\$7.24	\$1.01	\$1.02	\$10.01
ED Express	\$2.31	\$6.32	\$0.56	\$1.02	\$10.21
FAFSA Express	\$2.88	\$5.97	\$0.80	\$1.02	\$10.67

The methodology for each activity is described in Attachment B, Detailed Methodology for FAFSA Unit Cost.

We noted that the call center cost for FAFSA on the WEB accounted for nearly half of the unit cost. Attachment C provides the details of our observations as well as matters for further consideration.

If you have any questions about this letter, please contact Martin Renwick at (202) 205-8608.

ACCENTURE

cc: Jennifer Douglas
Mary K. Muncie
Michele Brown

Attachments